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**FIRST ORENADA
MINES LIMITED**

(NO PERSONAL LIABILITY)

ANNUAL REPORT 1971



**BROSSARD
GROUP**

FIRST ORENADA MINES LIMITED

(No Personal Liability)

Directors

JACQUES ANGERS, *Mount-Royal, P.Q.*

LEO BROSSARD, *Mount-Royal, P.Q.*

ROLAND DUFOUR, *Montreal, P.Q.*

JEAN LAVALLEE, *Laval, P.Q.*

M. W. MacDOWELL, *Brockville, Ont.*

Officers

LEO BROSSARD, *President*

ROLAND DUFOUR, *Vice-President*

JACQUES ANGERS, *Secretary-Treasurer*

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA, *Montreal*

Auditors

McDONALD, CURRIE & Co., *Montreal*

Head Office

360 ST. JAMES STREET, SUITE 1406, MONTREAL, QUEBEC

Field Office

153-A PERRAULT AVENUE, VAL D'OR, QUEBEC

President's Report to Shareholders

The accompanying financial statements for the period ended December 31st 1971 as well as the several new names on the Board of Directors reflect events which resulted in a change of control of your Company during the last fiscal year. In December 1971, Nemrod Mining Co. Ltd., Naganta Mining & Development Co. Ltd. and Timrod Mining Co. Ltd., three associated companies of the Brossard Group, each purchased 750,000 treasury shares of First Orenada Mines Ltd.

This event is regarded as an important milestone in the long history of your Company and constitutes a favorable development for several reasons.

First, this injection of new funds will enable your Company to become active once more and to resume exploration of its well-located property in Bourlamaque township near Val d'Or, Quebec.

Regarded as of even greater importance is the fact that the same interests now control your Company as well as Ducros Mines Limited which owns the adjoining property to the North.

During the past few years, Ducros has made several copper discoveries near the First Orenada boundary; of particular interest are long sections of low grade porphyry-copper type of mineralization encountered near the township center line on the south contact of the Center Post intrusive; for instance, two holes drilled jointly by your Company and Ducros Mines in 1969 along their mutual boundary returned an average of 0.28% copper over a core length of 332 feet and 0.19% copper over 333 feet respectively.

This contact of the Center Post intrusive mass, with which the East Sullivan base metal deposits are associated a short distance to the Northwest, lies on the First Orenada property for more than 2 miles, but until now the exploration of this favorable structure was somewhat hampered by the proximity of the boundary and long stretches of it have never been explored except by surface geophysical methods.

Now that both First Orenada Mines and Ducros Mines are under the same management, it is your Company's intention to undertake along with Ducros Mines extensive exploration to thoroughly investigate the vicinity of the contact and also to further explore the already known copper occurrences. A recent engineer's report recommends on the properties of First Orenada Mines Limited and Ducros Mines Limited together with its subsidiary, Jolin Bourlamaque Mines Limited, a campaign of geophysical work and diamond-drilling which is estimated at some \$900,000 and would be carried out over a period of about two years. The completion of this large program will evidently require the raising of additional funds and various methods of financing are now being studied.

In the meantime, a limited amount of diamond-drilling is under way to test targets outlined in an electromagnetic survey recently completed over a strip of ground straddling the First Orenada-Ducros boundary and covering the contact area.

On behalf of the Board of Directors

Montreal, April 15th 1972

LEO BROSSARD,
President

Balance Sheet *as at December 31, 1971*

ASSETS

	1971	1970
CURRENT ASSETS		
Cash.....	\$ 1,828	\$ 4,263
Term deposits.....	220,000	
	221,828	4,263
INVESTMENTS IN SHARES OF OTHER MINING COMPANIES -at market value (note 1).....	636	2,962
MINING PROPERTIES -at cost (notes 2 and 3).....	50,115	61,007
DEFERRED EXPENDITURES -at cost (note 3).....	484,864	483,337
	<u>757,443</u>	<u>551,569</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable.....	530	709
Due to an affiliated company.....	3,065	
	<u>3,595</u>	<u>709</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 4)		
Authorized - 5,000,000 shares of the par value of \$1 each		
Issued and fully paid - 3,930,011 shares (1970 -1,680,011).....	3,930,011	1,680,011
Discount on shares.....	3,356,100	1,331,100
	573,911	348,911
CONTRIBUTED SURPLUS -arising on the re-organization of capital.....	526,227	526,227
	1,100,138	875,138
DEFICIT.....	346,290	324,278
	<u>753,848</u>	<u>550,860</u>
	<u>757,443</u>	<u>551,569</u>

SIGNED ON BEHALF OF THE BOARD

LEO BROSSARD, *Director*

JACQUES ANGERS, *Director*

**STATEMENT OF DEFERRED EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1971**

	1971	1970
BALANCE -BEGINNING OF YEAR.....	\$ 483,337	\$ 426,463
EXPLORATION		
Engineering and consulting fees.....	3,177	
Diamond drilling.....		28,396
Surface exploration.....		334
Assaying.....		4,544
Maps and blueprints.....		47
Mining licences.....	1,491	1,488
Surveys.....	15	9,558
Line cutting.....		1,295
	4,683	45,662
Deduct: Amount written off on abandonment of claims.....	11,009	
	(6,326)	45,662
	477,011	472,125
ADMINISTRATIVE AND GENERAL		
Legal and audit.....	1,150	800
Interest and bank charges.....	5	10
Administration fees.....	2,515	3,082
Postage and office supplies.....	15	10
General expense.....	3	73
Security registration fees.....	310	500
Telephone and telegraph.....	92	160
Transfer agent and registrar fees.....	687	1,465
Travel expenses.....	715	120
Capital and place of business tax.....	60	60
Shareholders' reports.....	1,309	1,163
Directors' fees.....	1,000	1,100
Executive salary.....		3,500
	7,861	12,043
INTEREST EARNED.....	8	831
	7,853	11,212
BALANCE -END OF YEAR.....	484,864	483,337

FIRST ORENADA MINES LIMITED**STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1971**

	1971	1970
SOURCE OF FUNDS		
Issue of shares.....	\$ 225,000	\$
Net proceeds from sale of investments.....	2,215	
	<u>227,215</u>	
USE OF FUNDS		
Deferred expenditures -net.....	12,536	56,874
INCREASE (DECREASE) IN WORKING CAPITAL.....	214,679	(56,874)
WORKING CAPITAL -BEGINNING OF YEAR.....	3,554	60,428
WORKING CAPITAL -END OF YEAR.....	<u>218,233</u>	<u>3,554</u>

**STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1971**

	1971	1970
BALANCE -BEGINNING OF YEAR.....	\$ 324,278	\$ 295,411
Loss on sale of investments.....	400	
Adjustment of investments to market value.....	(289)	11,488
Advance -written off.....		17,379
Mining claims -written off.....	10,892	
Deferred expenditures thereon.....	11,009	
	<u>22,012</u>	<u>28,867</u>
BALANCE -END OF YEAR.....	<u>346,290</u>	<u>324,278</u>

FIRST ORENADA MINES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1971

1. INVESTMENTS IN SHARES OF OTHER MINING COMPANIES

These comprise the following:

	1971	1970
Captain Mines Limited - 5,785 shares (1970 -18,285 shares).....	\$ 636	\$ 1,097
Wesley Mines Limited - 55,000 shares.....		275
Northern Canada Mines Limited - 3,000 shares		1,590
	<u>636</u>	<u>2,962</u>

2. MINING PROPERTIES

These consist of a group of 47 claims located in the Laurentides Mining Division, Township of Bourlamaque, Quebec.
252 mineral claims in the Victoria Island area of Northwest Territories, in which the company had a 15% interest, have been allowed to lapse.

3. MINING PROPERTIES AND DEFERRED EXPENDITURES

The amounts shown for mining properties and deferred expenditures represent costs to date less amounts written off and do not necessarily reflect present or future values.

4. CAPITAL STOCK

(a) During the year the company has issued 2,250,000 shares of a par value of \$1 each for a cash consideration of \$225,000.

(b) Since its incorporation on November 21, 1938 the company has issued the following shares:

	Number of shares	Par value \$	Discount \$	Net \$
For cash	3,576,288	3,576,288	3,027,156	549,132
For services	41,223	41,223	35,194	6,029
For mining claims	312,500	312,500	293,750	18,750
	<u>3,930,011</u>	<u>3,930,011</u>	<u>3,356,100</u>	<u>573,911</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of First Orenada Mines Limited (no personal liability) as at December 31, 1971 and the statements of deficit, deferred expenditures and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MONTREAL, Quebec
January 11, 1972

McDONALD, CURRIE & CO.
Chartered accountants

